

WILSON COUNTY LIBRARY BOARD

**A COMPONENT UNIT OF
WILSON COUNTY, TENNESSEE**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

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WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

BOARD OF DIRECTORS

Betty Stone, Board Chairman
241 West End Circle
Lebanon, Tennessee 37087

William Taylor, Vice-Chairman
100 South Commerce Rd.
Watertown, Tennessee

Dr. Connie Wright, Treasurer
2124 N. Greenhill Road
Mt. Juliet, Tennessee 37122

Diane Weathers, Secretary
7800 Central Pike
Mt Juliet, TN 37122

Carolyn Miller
79 Lakeview Circle
Mt. Juliet, Tennessee 37122

Jim Mills
100 Oak Hill Circle
Lebanon, Tennessee 37087

Kevin Huddleston
224 Sycamore St
Lebanon, Tennessee 37087

George Harding
222 Bartonwood Drive
Lebanon, Tennessee 37087

Peggy Simpson
1320 S. Commerce Rd
Watertown, TN 37184

INDEPENDENT AUDITORS' REPORT

The Comptroller of the Treasury and
The Board of Directors
Wilson County Library Board
A Component Unit of Wilson County, Tennessee
Lebanon, Tennessee

We have audited the accompanying basic financial statements of the governmental activities and the major funds of the Wilson County Library Board, a component unit of Wilson County as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of the management of the Wilson County Library Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major funds of the Wilson County Library Board, as of June 30, 2009 and the change in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 19, 2010 on our consideration of Wilson County Library Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison information reported on pages 19 through 21 is presented for purposes of additional analysis and is not a required part of financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Dempsey, Vantrase & Folds, LLC
Lebanon, Tennessee
February 19, 2010

Management's Discussion and Analysis

This section of the Wilson County Library Board's (a component unit of Wilson County, Tennessee) audited financial statements presents our discussion and analysis of the Organization's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- The Organization's net assets decreased \$76,486 over the course of this year's operations. This is a 5.90% decrease from net assets at June 30, 2008.
- During the year, the Organization's expenses exceeded revenues by \$76,486. In the prior year, revenues exceeded expenses by \$28,937. The increased expenses were due to the new GASB OPEB, depreciation, and increases in salaries and fringe benefits.
- The total cost of the Organization's activities rose 13% in the fiscal year ended June 30, 2009.
- Balances of cash increased \$11,020 or 6.85% during the fiscal year ended June 30, 2009.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Organization:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Organization's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Organization, reporting the Organization's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a

section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

The government wide statements report information about the Organization as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Organization's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Organization's net assets and how they have changed. Net assets – the difference between the Organization's assets and liabilities – is one way to measure the Organization's financial health, or position.

- Over time, increases or decreases in the Organization's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Organization you need to consider additional non-financial factors.

Fund Financial Statements

The fund financial statements provide more detailed information about the Organization's most significant funds – not the Organization as a whole. Funds are accounting devices that the Organization uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- Other funds are established to control and manage money for particular purposes or to show that the government is properly using taxes.

The Organization has only one kind of fund:

- Governmental funds – Most basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is presented at the bottom of the

government funds statements, or on the subsequent page, that explains the relationships (or differences) between them.

Financial Analysis of the Organization as a Whole

Net Assets. The Organization's net assets decreased \$76,486 between fiscal years 2008 and 2009. In comparison, net assets for the fiscal year ended June 30, 2008 increased \$28,937 from the fiscal year ended June 30, 2007.

Wilson County Library Board

Net Assets

June 30, 2009 and 2008

	2009	2008	% Change
Capital Assets	\$ 1,141,954	\$ 1,161,460	-1.68%
Other Assets	171,872	160,852	6.85%
Total Assets	<u>\$ 1,313,826</u>	<u>\$ 1,322,312</u>	<u>-0.64%</u>
Liabilities	<u>\$ 93,110</u>	<u>25,109</u>	<u>270.82%</u>
Net Assets:			
Invested in Capital Assets	1,141,954	1,161,460	-1.68%
Unrestricted	<u>78,762</u>	<u>135,743</u>	<u>-41.98%</u>
Total Net Assets	<u>1,220,716</u>	<u>1,297,203</u>	<u>-5.90%</u>
Total Liabilities and Net Assets	<u>\$ 1,313,826</u>	<u>\$ 1,322,312</u>	<u>-0.64%</u>

Changes in Net Assets. The Organization's operating revenues decreased \$31,594. This was due to a decrease in grants, memorials and other income. The Organization's primary sources of non-operating income are local government allocations and other revenues. Local government allocations increased \$68,139. The total cost of all programs increased by \$124,367 or 13% due to the new GASB OPEB, depreciation, and increase in salaries and fringe benefits.

Wilson County Library Board
Changes in Net Assets
June 30, 2009 and 2008

	2009	2008	% Change
Operating Revenues	\$ 94,101	\$ 125,696	-25.14%
Operating Expenses	1,081,271	956,904	13.00%
Net Income from Operations	(987,170)	(831,208)	18.76%
Non-Operating Income	910,684	860,145	5.88%
Increase in Net Assets	<u>\$ (76,486)</u>	<u>\$ 28,937</u>	<u>-364.32%</u>

Capital Assets. During the current year, the Organization had the following activity in its capital assets:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	77,500	\$ -	\$ -	\$ 77,500
Other Capital Assets:				
Buildings and Improvements	1,135,536	-	-	1,135,536
Furniture and Equipment	345,934	27,000	-	372,934
Collections	1,351,074	139,227	140,450	1,349,851
Total Other Capital Assets, at Historical Cost	2,832,544	166,227	140,450	2,858,321
Less Accumulated Depreciation for:				
Buildings and Improvements	439,742	29,559	-	469,301
Furniture and Equipment	226,555	25,580	-	252,135
Collections	1,082,287	130,594	140,450	1,072,431
Total Accumulated Depreciation	1,748,584	185,733	140,450	1,793,867
Other Capital Assets, Net	1,083,960	(19,506)	-	1,064,454
Governmental Activities Capital Assets, Net	<u>\$ 1,161,460</u>	<u>\$ (19,506)</u>	<u>\$ -</u>	<u>\$ 1,141,954</u>

Contacting the Organization's Financial Management

This financial report is designed to provide the citizens, taxpayers, and customers of Wilson County of the Organization's finances and to demonstrate the Organization's accountability for the money it receives. If you have questions about this report or need additional information, contact the Wilson County Library Board, 108 South Hatton Ave., Lebanon, Tennessee, 37087.

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
STATEMENT OF NET ASSETS
JUNE 30, 2009

Assets

Cash in Banks	\$ 171,872
Capital Assets:	
Nondepreciable Assets	
Land	77,500
Depreciable Assets	
Buildings and Improvements	1,135,536
Furniture and Equipment	372,934
Collections	1,349,851
Less Accumulated Depreciation	<u>(1,793,867)</u>
Total Capital Assets	<u>1,141,954</u>
Total Assets	1,313,826

Liabilities

Accrued Vacation	25,106
OPEB Liability	<u>68,004</u>
Total Liabilities	93,110

Net Assets

Invested in Capital Assets	1,141,954
Unrestricted	<u>78,762</u>
Total Net Assets	<u>\$ 1,220,716</u>

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Functions and Programs			
Library Operations	\$ 1,081,271	\$ 94,101	\$ (987,170)
General Revenues			
Interest Income			1,513
Local Government Support			897,416
Miscellaneous Public Support			<u>11,755</u>
Decrease in Net Assets			(76,486)
Net Assets, Beginning			<u>1,297,202</u>
Net Assets, Ending			<u><u>\$ 1,220,716</u></u>

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>Lebanon</u>	<u>Mt Juliet</u>	<u>Watertown</u>	<u>Total Major Funds</u>
ASSETS				
Cash and Cash Equivalents	<u>\$ 86,670</u>	<u>\$ 66,345</u>	<u>\$ 18,857</u>	<u>\$ 171,872</u>
Total Assets	<u><u>\$ 86,670</u></u>	<u><u>\$ 66,345</u></u>	<u><u>\$ 18,857</u></u>	<u><u>\$ 171,872</u></u>
LIABILITIES AND FUND BALANCE				
Accrued Vacation	\$ 6,566	\$ 3,243	\$ -	\$ 9,809
Deferred Revenue	-	-	-	-
Fund Balance	<u>80,104</u>	<u>63,102</u>	<u>18,857</u>	<u>162,063</u>
Total Liabilities and Fund Balance	<u><u>\$ 86,670</u></u>	<u><u>\$ 66,345</u></u>	<u><u>\$ 18,857</u></u>	<u><u>\$ 171,872</u></u>
Reconciliation to Statement of Net Assets:				
Fund Balance				\$ 162,063
Capital Assets (net) are not reported on the fund financial statements				1,141,954
OPEB Liabilities are not reported on the fund financial statements				(68,004)
Long Term compensated absences are not reported on the fund financial statements				<u>(15,297)</u>
Net Assets				<u><u>\$ 1,220,716</u></u>

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Lebanon	Mt Juliet	Watertown	Total Major Funds
<u>Revenues</u>				
Wilson County Appropriation	\$ 324,039	\$ 273,193	\$ 60,655	\$ 657,887
Cities' Appropriations	111,892	103,226	24,411	239,529
Proceeds-Fundraising Event	6,030	-	-	6,030
Grants	7,500	-	-	7,500
Gifts	1,890	3,770	65	5,725
Memorials	2,195	1,404	840	4,439
Fines and Lost Materials	24,800	32,063	3,170	60,033
Copy/Fax Machines	6,595	5,023	1,551	13,169
Interest	976	426	111	1,513
Other Income	438	304	132	874
Book Sales	4,394	3,548	145	8,087
Total Revenues	490,749	422,957	91,080	1,004,786
<u>Expenditures</u>				
Salaries and Labor	214,790	177,316	35,041	427,147
Fringe Benefits	103,378	84,842	17,992	206,212
Books	38,902	42,496	10,578	91,976
Audio Visuals	24,079	20,193	2,980	47,252
Periodicals	1,258	987	28	2,273
Capital Expenditures	14,000	6,500	6,500	27,000
Printing and Binding	466	330	-	796
Utilities	24,083	18,658	5,022	47,763
Telephone and Postage	4,230	4,400	1,513	10,143
Supplies	11,074	11,690	1,681	24,445
Maintenance and Repairs	21,069	33,588	2,702	57,359
Insurance	5,240	3,698	1,049	9,987
Accounting	1,290	1,290	645	3,225
Fundraising Costs	2,631	-	-	2,631
Special Programs	8,922	5,564	800	15,286
Travel	1,897	799	126	2,822
Donations	-	-	-	-
Miscellaneous	477	1,412	259	2,148
Total Expenditures	477,786	413,763	86,916	978,465
Revenues Over (Under)				
Expenditures	12,963	9,194	4,164	26,321
Fund Balance, Beginning	67,141	53,908	14,693	135,742
Fund Balance, Ending	<u>\$ 80,104</u>	<u>\$ 63,102</u>	<u>\$ 18,857</u>	<u>\$ 162,063</u>

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Total Major Funds</u>
Reconciliation to Statement of Activities:	
Excess of Expenditures over Revenues	\$ 26,321
Depreciation Expense is not recorded in the fund statements	(185,733)
OPEB expense is not an expenditure in Fund Statement	(68,004)
Compensated Absences Expense is not an expenditure in fund statements	(15,297)
Capital Expenditures are reported in the Statement of Net Assets	<u>166,227</u>
	<u><u>\$ (76,486)</u></u>

See notes to financial statements

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

The accounting methods and procedures adopted by the Wilson County Library Board (the Board) conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Library's general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity:

The Wilson County Library Board was established for the purpose of providing library services to residents of Wilson County.

The Board is a component unit of Wilson County, Tennessee, the primary government. Wilson County appoints the board members of the Board and must approve the Board's issuance of debt. The Board is financially dependent on the County, because a significant portion of funding is provided by County appropriations.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Board as a whole. Individual funds are not displayed in the government-wide financial statements and the Board has only governmental activities supported by grants, local government allocations, and general revenues.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Organization's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for the governmental funds.

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Board are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Board considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Fund Types and Major Funds

The Board reports the following major governmental fund:

Special Revenue Fund – The Special Revenue Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Assets and Depreciation

The Board's capital assets consist primarily of land and buildings, computers and furniture and its book collection. Capital assets with a cost of \$5,000 or more are capitalized and depreciated using the straight-line method over their estimated useful lives, ranging from 4 to 40 years. The costs of normal repairs and maintenance that do not add to the asset value or materially extend useful lives are expensed. Books are depreciated using a composite depreciation method over 5 years. Books that are discarded are charged off against the cost and accumulated depreciation using the most recent average cost.

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

Capital asset activity for the year ended June 30, 2009 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 77,500	\$ -	\$ -	\$ 77,500
Other Capital Assets:				
Buildings and Improvements	1,135,536	-	-	1,135,536
Furniture and Equipment	345,934	27,000	-	372,934
Collections	1,351,074	139,227	140,450	1,349,851
Total Other Capital Assets, at Historical Cost	2,832,544	166,227	140,450	2,858,321
Less Accumulated Depreciation for:				
Buildings and Improvements	439,742	29,559	-	469,301
Furniture and Equipment	226,555	25,580	-	252,135
Collections	1,082,287	130,594	140,450	1,072,431
Total Accumulated Depreciation	1,748,584	185,733	140,450	1,793,867
Other Capital Assets, Net	1,083,960	(19,506)	-	1,064,454
Governmental Activities Capital Assets, Net	\$ 1,161,460	\$ (19,506)	\$ -	\$ 1,141,954

Budgets and Budgetary Accounting:

The Board is not required to legally adopt a budget, however, the Board follows these procedures in establishing the budgetary data reflected in the supplementary information:

- a. Formal budgetary integration is employed as a management control device during the year for the Special Revenue Funds. This budget is adopted on a basis consistent with generally accepted accounting principles.
- b. The Board of Directors approves a detailed annual budget. Any revisions made during the year must be approved by the Board of Directors. The Board is required to maintain a balanced budget and not allow expenditures to exceed appropriations.
- c. The budget amounts shown in the supplementary schedules are the final authorized amounts as revised during the year.

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Annual Leave and Sick Leave:

The Organization's policy for accumulating annual (vacation) and sick leave is as follows:

Annual Leave

An eligible employee earns and accumulates annual leave for each month of service or major fraction thereof. The rates of accumulation and maximum accumulation vary according to employee length of service.

<u>Years of Service</u>	<u>Rate of Accumulation</u>	<u>Maximum Accumulation</u>
Less than 5	1 day (7.0 hrs)/month	30 days (210 hours)
5 to 10	1.5 days (10.5 hrs)/month	36 days (252 hours)
10 to 15	1.75 days (12.25 hrs)/month	39 days (273 hours)
15 or more	2 days (14.0 hrs)/month	42 days (294 hours)

Upon final separation, the employee is paid for any unused annual leave accumulation unless terminated for gross misconduct or similar offense.

Sick Leave

Sick leave is accrued per employee at the rate of one day (7.0 hours) for each month or major fraction thereof. A full time employee, who has accumulated the maximum number of allowable annual leave days, has any additional annual leave days accrued transferred to his sick leave account. There is no ceiling on accumulation of sick leave. Unused sick leave can be transferred towards creditable service upon retirement.

Upon re-employment in regular status, the sick leave account of a former County employee shall be credited with the sick leave accumulation at the time of termination provided it can be verified from official records. The employees of the Wilson County Library Board have accumulated 3,996.58 hours of sick leave.

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 2 - DEPOSITS

State statutes authorize the Board to invest in obligations of the United States Government and its agencies; the Local Government Investment Pool of the State of Tennessee and certificates of deposit at federal or state chartered banks and savings and loan associations. Funds deposited with financial institutions are required to be secured by the state bank collateral pool or by collateral pledged by the institution whose market value is equal to 105% of the value of the deposit in excess of FDIC insurance.

The Board's policy is to deposit all funds into cash accounts at FDIC insured banks that are members of the State of Tennessee's bank collateral pool. These accounts are designated as governmental funds by the bank.

At June 30, 2009, the bank balance of the demand deposits are \$227,614. The deposits are entirely insured through FDIC insurance and the state bank collateral pool.

NOTE 3 - OWNERSHIP OF PLANT ASSETS

The Board has a life interest in the land, building, and improvements at its Mt. Juliet, Tennessee and Watertown, Tennessee locations. If, at any time the Wilson County Library Board ceases to utilize these facilities as libraries, title to said facilities reverts back to their previous owners.

NOTE 4 - RETIREMENT

The Board employees participate in the Tennessee Consolidated Retirement System under the Wilson County membership. All information relating to the plan is reported in the general fund of the County. The County has been funding all employee contributions prior to the fiscal year ended June 30, 1993. For the year ended June 30, 2009, the Library funded \$49,343.39 on behalf of the employees eligible to participate in the County plan.

NOTE 5 - SELF-INSURANCE-UNEMPLOYMENT COVERAGE

The Board has elected to be a reimbursing employer for unemployment insurance purposes. Reimbursing employers are essentially self-insured. They are required to reimburse to the State Department of Employment Security dollar for dollar for their proportionate share of benefits paid to a former employee. A significant turnover in employees could result in a liability being incurred, however the effect on the financial position or results of operations cannot be determined.

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 6 - RISK FINANCING

It is the policy of the Board to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability and property and casualty. The Board employees are covered for group health and life under the commercial insurance policy purchased by Wilson County. The Board reimburses the County for its portion of those premiums. The Board employees are covered for workers compensation under the commercial insurance policy purchased by Wilson County.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Board receives a substantial amount of its support from state and local governments. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Board's activities.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS(OPEB)

The District's full-time employees are included in Wilson County's plan for health, dental and prescription coverage. The Wilson County plan is a single employer plan that offers pre-65 retirees and dependents one of two plans depending on when the participant is hired (before or after March 1, 2000). Once a participant turns age 65, the health plan provision provides medical benefits through a Medicare Supplement Plan and prescription drug benefit through the county's self-insured plan. Upon death, retirees receive a \$2,000 life insurance benefit. An employee who retires or becomes disabled from the District is eligible for retiree health coverage upon meeting one of the following requirements: (1) hired prior to July 1, 1992; ten years of service with the last eight consecutive, (2) hired between July 1, 1992 and August 31, 1998; age 45 with ten years of service with the last eight consecutive, or (3) hired on or after September 1, 2008; the earlier of age 55 with ten years of service with the last eight consecutive; age 60 with ten years of service with the last year under the plan; or at any age with 30 years of service.

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

If a retiree is eligible for health insurance coverage and spouse coverage has been in effect for a minimum of one year prior to the employee's retirement, the plan will also provide health coverage for the retiree's spouse. This coverage will continue for as long as the spouse lives, even if the retiree dies before the spouse.

Eligible retirees are not required to share the cost of health insurance. Eligible dependents and disabled former employees who do not meet retirement eligibility requirements are required to share the cost of health insurance.

Annual OPEB Cost and Net OPEB Obligation

The OPEB cost and net OPEB obligation were estimated based on the January 1, 2007 actuarial valuation for Wilson County's plan as a whole, which includes the District's employees. The District's portion of the OPEB cost and obligation were not separately determined in that report. Therefore, an estimated cost per participant was determined based on the total cost divided by the number of participants as reported in the valuation report. This average cost per participant was then multiplied by the number of the District's active and retired participants at June 30, 2009 to arrive at the OPEB cost and liability of \$28,355. The OPEB cost is included in library operations on the statement of revenues, expenses and changes in net assets.

ARC	\$ 68,004
Interest on the NPO	-
Adjustment to the ARC	-
Annual OPEB cost	<u>68,004</u>
Amount of contribution	-
Increase/(decrease) in NPO	<u>68,004</u>
Net OPEB obligation, 07/01/2008	-
Net OPEB obligation, 06/30/2009	<u>\$ 68,004</u>

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year end
06/30/09	Postemployment Benefits Plan	\$ 68,004	0%	\$ 68,004

*Data not available for two preceding years

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009 is as follows:

Actuarial valuation date	01/01/07
Actuarial accrued liability (AAL)	\$ 618,106
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 618,106
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 313,158
UAAL as a % of covered payroll	197%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumption

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used to include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. In the January 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5.5 percent discount rate, an annual healthcare cost trend rate of nine percent initially, reduced by decrements to an ultimate rate of 5.5 percent after seven years, and an annual dental cost trend rate of five percent. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY

June 30, 2009

The Governmental Accounting Standards Board (GASB) requires the presentation of the Schedule of Funding Progress for other post employment benefits. The requirement to present the Schedule of Funding Progress was a change made during the current fiscal year, therefore only one year is presented.

**SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT
BENEFITS (OPEB)**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2007	\$ -	\$ 618,106	\$ 618,106	0%	\$ 313,158	197%

*Data not available for two preceding years

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
SPECIAL REVENUE FUND - LEBANON LIBRARY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Wilson County Appropriation	\$ 324,039	\$ 324,039	\$ 324,039	\$ -
Cities' Appropriations	111,892	111,892	111,892	-
Proceeds-Fundraising Event	12,950	12,950	6,030	(6,920)
Grants	1,800	1,800	7,500	5,700
Gifts	3,000	3,000	1,890	(1,110)
Memorials	5,000	5,000	2,195	(2,805)
Fines and Lost Materials	24,000	24,000	24,800	800
Copy/Fax Machines	5,000	5,000	6,595	1,595
Interest	-	-	976	976
Other Income	5,580	5,580	438	(5,142)
Book Sales	2,000	2,000	4,394	2,394
Total Revenues	<u>495,261</u>	<u>495,261</u>	<u>490,749</u>	<u>(4,512)</u>
<u>Expenditures</u>				
Salaries and Labor	221,822	220,572	214,790	5,782
Fringe Benefits	113,524	105,224	103,378	1,846
Books	41,665	40,065	38,902	1,163
Audio Visuals	21,600	24,600	24,079	521
Periodicals	1,000	1,300	1,258	42
Capital Expenditures	11,400	19,200	14,000	5,200
Printing and Binding	700	700	466	235
Utilities	24,300	24,650	24,083	567
Telephone and Postage	4,386	4,286	4,230	56
Supplies	15,984	13,534	11,074	2,460
Maintenance and Repairs	17,000	17,000	21,069	(4,069)
Insurance	5,100	5,250	5,240	10
Accounting	1,246	1,296	1,290	6
Fundraising Costs	5,900	5,900.00	2,631	3,269
Special Programs	6,900	8,600	8,922	(322)
Travel	1,434	2,034	1,897	137
Donations	-	-	-	-
Miscellaneous	1,300	1,050	477	573
Total Expenditures	<u>495,261</u>	<u>495,261</u>	<u>477,786</u>	<u>17,475</u>
Revenues Over (Under)				
Expenditures	<u>\$ -</u>	<u>\$ -</u>	12,963	<u>\$ 12,963</u>
Fund Balance, Beginning			<u>67,141</u>	
Fund Balance, Ending			<u>\$ 80,104</u>	

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
SPECIAL REVENUE FUND - MT JULIET LIBRARY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Wilson County Appropriation	\$ 273,193	\$ 273,193	\$ 273,193	\$ -
Cities' Appropriations	103,226	103,226	103,226	-
Grants	1,800	1,800	-	(1,800)
Gifts	6,500	6,500	3,770	(2,730)
Memorials	1,500	1,500	1,404	(96)
Fines and Lost Materials	27,000	27,000	32,063	5,063
Copy/Fax Machines	4,000	4,000	5,023	1,023
Interest	-	-	426	426
Other Income	15,837	15,837	304	(15,533)
Book Sales	3,500	3,500	3,548	48
Total Revenues	436,556	436,556	422,957	(13,599)
<u>Expenditures</u>				
Salaries and Labor	188,785	188,785	177,316	11,469
Fringe Benefits	88,171	88,171	84,842	3,329
Books	41,333	41,333	42,496	(1,163)
Audio Visuals	17,437	17,437	20,193	(2,756)
Periodicals	1,000	1,000	987	13
Capital Expenditures	20,100	17,300	6,500	10,800
Printing and Binding	500	500	330	170
Utilities	20,000	20,000	18,658	1,342
Telephone and Postage	6,880	6,880	4,400	2,480
Supplies	14,700	14,700	11,690	3,010
Maintenance and Repairs	22,400	25,200	33,588	(8,388)
Insurance	5,200	5,200	3,698	1,502
Accounting	1,150	1,150	1,290	(140)
Fundraising Costs	-	-	-	-
Special Programs	6,900	6,900	5,564	1,336
Travel	900	900	799	101
Miscellaneous	1,100	1,100	1,412	(312)
Total Expenditures	436,556	436,556	413,763	22,793
Revenues Over (Under) Expenditures	\$ -	\$ -	9,194	\$ 9,194
Fund Balance, Beginning			53,908	
Fund Balance, Ending			<u>\$ 63,102</u>	

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
SPECIAL REVENUE FUND - WATERTOWN LIBRARY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Wilson County Appropriation	\$ 60,655	\$ 60,655	\$ 60,655	\$ -
Cities' Appropriations	24,411	24,411	24,411	-
Grants	-	-	0	-
Gifts	100	100	65	(35)
Memorials	500	500	840	340
Fines and Lost Materials	2,000	2,000	3,170	1,170
Copy/Fax Machines	1,000	1,000	1,551	551
Interest	-	-	111	111
Other Income	5,345	5,345	132	(5,214)
Book Sales	-	-	145	145
Total Revenues	<u>94,011</u>	<u>94,011</u>	<u>91,080</u>	<u>(2,931)</u>
<u>Expenditures</u>				
Salaries and Labor	38,324	38,324	35,041	3,283
Fringe Benefits	17,713	17,713	17,992	(279)
Books	11,250	11,250	10,578	672
Audio Visuals	3,000	3,000	2,980	20
Periodicals	350	350	28	322
Capital Expenditures	3,000	3,000	6,500	(3,500)
Utilities	5,200	5,200	5,022	178
Telephone and Postage	1,600	1,600	1,513	87
Supplies	3,350	3,350	1,681	1,669
Maintenance and Repairs	6,801	6,801	2,702	4,099
Insurance	1,423	1,423	1,049	374
Accounting	600	600	645	(45)
Fundraising Cost	-	-	0	-
Special Programs	800	800	800	-
Travel	300	300	126	174
Miscellaneous	300	300	259	41
Total Expenditures	<u>94,011</u>	<u>94,011</u>	<u>86,916</u>	<u>7,095</u>
Revenues Over (Under)				
Expenditures	<u>\$ -</u>	<u>\$ -</u>	4,164	<u>\$ 4,164</u>
Fund Balance, Beginning			<u>14,693</u>	
Fund Balance, Ending			<u>\$ 18,857</u>	

See notes to financial statements

**Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards**

To the Comptroller of the Treasury
and the Board of Directors
Wilson County Library Board
Lebanon, Tennessee

We have audited the financial statements of the governmental activities and the major fund information of the Wilson County Library Board, (the "Board"), as of and for the year ended June 30, 2009, which collectively comprise the Wilson County Library Board's basic financial statements and have issued our report thereon dated February 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will not be prevented or detected by the Board's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

The Board has a limited number of personnel, therefore adequate segregation of duties over receipts, purchases and disbursements is not possible. It is important that the Board of Directors continue to closely monitor the expenditures and investigate any deviations from budget.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, the board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dempsey, Vantrase & Follis, LLC

Lebanon, Tennessee
February 19, 2010